

Message Text

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PAGE 01 STATE 301204
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 TRSE-00 SS-15 AID-05 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02
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DRAFTED BY EUR/SE:EJMARCO:CSR
APPROVED BY EUR:REBARBOUR
EUR/SE:RCEWING
EUR/CE:SKLINGAMAN
EB:JWINDER
TREAS:RBLAKE (SUBS)
C:RHOPPER

-----085623 170141Z /14

P R 170049Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY BONN PRIORITY
INFO AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY NICOSIA
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BRUSSELS

C O N F I D E N T I A L STATE 301204

E.O. 11652: GDS

TAGS: EAID, EFIN, GW, TU

SUBJECT: US VIEWS ON TURKISH ECONOMIC SITUATION

REF: (A) BONN 20054 (B) STATE 282533

1. IN ADDITION TO POINTS PARA 4 REFTEL B, US HAS TOLD GOT
OF OUR SYMPATHETIC INTEREST IN TURKISH ECONOMIC DIFFICUL-
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TIES AND INDICATED WE WOULD UNDERTAKE TO DO WHAT IS APPRO-
PRIATE TO BE HELPFUL IN INTERNATIONAL FINANCIAL INSTITU-
TIONS. HOWEVER, WE HAVE MADE CLEAR TO TURKS THAT WE COULD
NOT APPROPRIATELY INTERVENE ON THEIR BEHALF WITH IMF OR
PRIVATE BANKS. WE HAVE INSTEAD URGED GOT TO WORK OUT A
SATISFACTORY AGREEMENT WITH THE IMF, WHICH WE HAVE NOTED,
WOULD HELP RESTORE THE CONFIDENCE IN TURKEY OF THE INTER-

NATIONAL FINANCIAL COMMUNITY.

2. WE ARE SOMEWHAT MORE OPTIMISTIC ABOUT PROSPECTS FOR TURKISH-IMF AGREEMENT THAN FRG SOURCE CITED PARA 6 REF A, PARTICULARLY AFTER PRESENTATION TO PARLIAMENT OF MODERATE TL 260 BILLION BUDGET FOR 1978 ON NOVEMBER 30. HOWEVER, WE RECOGNIZE THAT FUNDS LIKELY TO BE AVAILABLE FROM THE IMF WILL NOT BE ADEQUATE TO MEET TURKEY'S CURRENT SHORT-TERM FOREIGN LIABILITIES, AND THAT LIKELY ADDITIONAL INCREMENTAL PRIVATE BANK FUNDING MAY ONLY ALLOW REDUCTION OF ARREARAGES, AND ROLL-OVER OF OUTSTANDING SHORT-TERM OBLIGATIONS.

3. OTHER THAN HORMATS NOV 11 DISCUSSIONS IN ANKARA WE HAVE HAD NO OTHER RECENT CONTACTS WITH GOT RE ECONOMIC PROBLEMS EXCEPT THROUGH EMBASSY ANKARA. WE WOULD BE INTERESTED IN ACCOUNT OF FRG DEL VISIT TO ANKARA AND WILL WANT TO CONTINUE TO KEEP IN TOUCH WITH GERMANS RE TURKEY AS SITUATION EVOLVES. VANCE

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Message Attributes

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